

## **Business owners decry rate proposal**

### **Rate changes set for final approval**

NORTHAMPTON

Council set to approve mayor's revised water, sewer charges

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NORTHAMPTON — As the City Council prepares to take a second vote on the mayor's proposed water and sewer rates overhaul at its meeting Thursday night, some in the business community are pushing back, claiming the new system unduly targets commercial users.

In an effort to soften the blow for large customers this first year, Mayor David Narkewicz announced an amended proposal last week that would reduce volumetric rates across the board, but keep the general structure the same. The new system significantly raises fixed fees, distinguishes between smaller and larger users and sets up an incentive for conservation among smaller users, as well as introducing fire protection fees.

Data from the city shows the impact would vary. Florence Pizza, for instance, could expect to see a quarterly water and sewer fee increase of about \$4, while Stop & Shop would see that number rise approximately \$125, Cooley Dickinson Hospital around \$3,810, and Coca-Cola around \$76,810.

The typical residential customer can expect to see quarterly water and sewer bills decrease by about \$4. Under the mayor's initial proposal, the difference was an increase of 67 cents.

Under the revised plan, smaller users with five-eighth-inch,  $\frac{3}{4}$ -inch and 1-inch water meters — who make up 95 percent of the city's customers — would see a rate of \$4.36 per 100 cubic feet for the first 1,600 cubic feet, and \$5.82 per 100 cubic feet for excess use. Users with larger than 1-inch meters would face a single rate of \$5.72 per 100 cubic feet. There are 748 gallons in 100 cubic feet of water.

Quarterly fixed charges will range from \$12.64 for those with five-eighth-inch meters to \$1,010.69 for those with 8-inch meters. These charges will not apply to customers eligible for real estate and Community Preservation Act tax exemptions.

The mayor has proposed sewer rates of \$7.52 per 100 cubic feet, charging users without separate sewer meters based on 80 percent of their water consumption.

These all mark a big shift from the city's current flat rate, which charges \$5.58 per 100 cubic feet for water, along with relatively small fixed quarterly fees, and \$6.08 per 100 cubic feet for sewer.

Last year, following a public outcry, the mayor decided to freeze water and sewer rates for a year while the city evaluated how it could pay for upcoming infrastructure needs. The city expects to pay nearly \$30 million for wastewater treatment

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plant improvements between fiscal year 2017 and 2021, along with more than \$7 million in water line replacements and dam repairs. The new fee structure was developed to raise water revenue by about 2 percent and sewer revenue by about 3 percent annually.

Following a change in municipal structure, last year marked the first time rate-setting fell to the mayor and council, rather than the Board of Public Works. Consultants from Northborough Woodcock & Associates in Northborough, and Raftelis Financial Consultants in Worcester, spent several months last year analyzing the city's water and sewer rates and first presented the proposed structure to the council in January. Northampton paid the consultants \$29,560 for their work, according to Narkewicz.

### 'Unfair' impact

Last week, Coca-Cola wrote a letter to the mayor claiming the proposal "disproportionately and unfairly impacts our business" and asking him to consider a different model.

Narkewicz announced revisions on April 1, noting that they followed feedback from several groups of people, including the Greater Northampton Chamber of Commerce. He acknowledged that, while most residents and small businesses would experience small rate increases under the new structure, "some businesses and institutions in the large customer class" would face more substantial cost hikes. Narkewicz said it's difficult to compare Coca-Cola with other users because of the amount of water the company uses — nearly 25 percent of the total water consumed by the city.

At-large City Councilor Jesse Adams, who voiced the lone dissent in the council's initial 8-1 vote, said he sees the mayor's revision as an "express recognition of the burden this will put on the business community."

Adams said changing the structure requires much more deliberation and seems a natural discussion to be having as part of the economic study currently being pursued by the council's community resources committee. He said though the proposal is being presented as the only option, he believes alternatives exist and that the current system is a better approach.

### 'Smoke and mirrors'

The mayor has stressed that the fee structure was designed to differentiate based on water consumption, not draw a hard line between residential and commercial users.

But to Eric Suher, who owns the Iron Horse Entertainment Group and numerous Northampton properties, this is "smoke and mirrors."

"If you need to increase water and sewer rates then increase them across the board," he said. He sees the new structure as "penalizing" businesses and commercial property owners. "It's one more nail in the coffin to what is being perceived from the business community as a difficult environment to do business in."

Suher said he sees the water and sewer increase as similar to the stormwater fee the council enacted in 2014 to pay for flood control upgrades. Combined with Community Preservation Act taxes, he said, these charges amount to an "astronomical leap" in fees and taxes from what businesses were paying several years ago.

Mansour Ghalibaf, who owns Hotel Northampton and the Fairfield Inn, agreed that the rate increase

appears to target businesses.

“It seems like it is a way of city government, that every time they need money they have to tap into businesses to raise that money, rather than taking a different approach,” he said.

Under the mayor’s revised plan, Hotel Northampton will pay about \$387 more in combined water and sewer fees quarterly than it does currently, and the Fairfield Inn about \$336 more, according to data provided by the city. Ghalibaf said this was better than the initial proposal, which had the Fairfield Inn paying about \$506 more quarterly than it currently does.

“But still it is, again, extra dollars that is not in anybody’s budget I believe,” he said. “Right now the businesses are struggling.”

City Council President William Dwight said he expects the council to take its second and final vote Thursday as planned.

“We expect this to be tinkered with,” he said. “This is introducing a new structure and new formula that has an embedded ethos of trying to protect people that are most vulnerable.”